



2022 Operational Budget Overview
Budget Hearing: November 18, 2021

To the TADL Board and Community:

I am pleased to present the draft 2022 Operational Budget to the Traverse Area District Library Board of Trustees. This budget provides administrative expectations for operational expenses that will support public library services online and in six facilities in addition to operations for the TADL Talking Book Library. This is a balanced budget; the operational expense expectations fall within expected revenues for year 2022.

Budget Packet:

1. **Budget Resolution**: This represents the budget presented for approval and provides the four Budget lines that the Director must observe, as required in the TADL Budget Adjustment and Disbursement Policy.
2. **Budget Details**: This report is similar to what the TADL Board receives each month in the form of a financial report, but is expressed in six columns to show 2020 Actuals, Original 2021 Budget, Amended 2021 Budget, Projected 2021 Year-End amounts, 2022 Expected Revenue and Expense, and the percentage difference between 2021 and 2022.

Overall Budget Environment and Budget Objectives in 2022:

- Maintain stable operations and a strong financial position.
 - Maintain operational costs while ensuring continuous improvements to customer service.
 - Increase spending for online and lending collections.
 - Increase fundraising, use of grant opportunities, and cultivate relationships with donors.
 - Provide adequate budget to maintain facilities and technology as needs increase with aging infrastructure and changes in technology.
 - Judiciously use fund balances for capital expenses and to pay down unfunded pension liabilities.
- Assure the highest possible return on public investment through full use of the public library.
 - Continue application of technology and digital resources to reach the service population and its changing needs.
 - Reach out to increase the number of registered account holders in the service area.
 - Use strong promotional techniques to keep residents informed about the availability of traditional and new or changing services.
 - Execute year 1 of the Strategic Plan as guided by our community and adopted by the Board.

Special Emphasis in 2022:

- Begin the three-year Strategic Plan starting with the topics of Inclusivity and Purposeful Partnerships.
- A continued presence in our communities and schools, through outreach and collaboration, to promote library use and develop a greater understanding of the many services the library provides to our partner public and charter schools.
- Maintain our current technology as supply chain disruptions are projected into 2022. An increase in spending for high demand items like circulating WiFi Hotspots and laptops are included in this budget.
- Addressing upcoming building maintenance needs at the Main Library facility.
- Strengthening our existing, and building new, collaborative relationships with community partner organizations.
- Begin Bookmobile services.

Revenues

The current TADL millage rate is .9202 mills for operations. Our debt service bond was repaid during 2017, so there is no levy for debt retirement. Local municipalities, including TADL, are again seeing an increase in property tax revenue due to rising property values; however, this year's levy was rolled back from .9292 mills due to requirements of the Headlee Amendment which calls for millage reductions when property values increase more than the level of inflation. This is the fifth year in a row for a rollback.

<u>TADL Revenues</u>	<u>Property Tax</u>	<u>State Aid/ Penal Fines</u>	<u>Fines/Fees Services</u>	<u>Other Revenue</u>	<u>TADL Revenue</u>
2012 actual	4,016,643	386,721	123,329	140,748	4,667,441
2013 actual	4,037,344	345,641	151,366	102,000	4,636,351
2014 actual	4,129,538	374,065	137,917	249,163	4,890,683
2015 actual	4,264,013	388,374	149,658	158,062	4,960,107
2016 actual	4,333,605	388,890	140,313	101,902	4,964,710
2017 actual	4,532,111	353,891	219,052	142,602	5,247,656
2018 actual	4,634,573	366,670	195,401	61,741	5,258,385
2019 actual	4,724,449	349,204	162,761	272,201	5,508,615
2020 actual	4,937,353	315,030	69,501	172,859	5,494,743
2021 projected	5,132,196	300,309	58,401	271,553	5,762,459
2022 proposed	5,292,947	302,364	58,850	96,710	5,750,871

2021 Property Tax revenue increased again this year through the regular levy and Personal Property Tax reimbursement. While State Aid went up, Penal Fine receipts dropped 11% from 2020 and we are projecting that they'll drop another 10% in 2022. Income from Services is down because due to pandemic we have not rented out the McGuire Room in 2021. Income from Fines was greatly reduced because of the Board Policy to remove fines to increase patron usage and remove barriers for patrons who can't afford fines. In 2021 we again transferred in funds from our Internal Service Fund to make a significant payment to the Municipal Employees' Retirement System (MERS) for our

current unfunded pension liability. This \$200,000 is not a part of our General Fund budget, and therefore not reflected in the chart above.

2022 Property Tax revenue is projected to rise despite the Headlee millage reduction because of increased property values. We will continue to receive the Local Community Stabilization reimbursement though this is also drastically trending down. State Aid has increased since as last year due to an increase in the per capita allotment and increased population as shown in the 2020 Census. Penal Fines remain questionable as they vary widely from year to year and the legislature continues to try to erode this source of income for libraries.

Personnel Cost Projections

In 2022, the overall percentage of personnel cost will increase about 3.1%. Wage increases are budgeted because of the contractual agreement and merit raises. Health care costs increased 5.6% percent due to more employees utilizing this benefit. Retirement and 401k costs are up due to raising wages. We are responsible for actuarially determined payments toward TADL’s unfunded accrued pension liability which will vary from year to year based on market performance, employee retirements, and mortality. In 2019, the Board voted to make payments above the minimum required amount. For 2022, the MERS monthly payment will be \$10,000. All told, personnel expenses account for about 59.9% of the library’s budget in 2022.

<u>Personnel</u>	<u>Wages</u>	<u>Benefits</u>	<u>Total Pers. Expense</u>
2012 actual	2,105,008	782,543	2,887,551
2013 actual	2,088,307	743,764	2,832,071
2014 actual	2,049,502	745,822	2,795,324
2015 actual	2,027,358	737,385	2,764,713
2016 actual	2,037,947	1,149,879*	3,187,826
2017 actual	2,139,422	954,750*	3,094,172
2018 actual	2,253,432	973,646*	3,227,078
2019 actual	2,302,685	963,170*	3,265,855
2020 actual	2,255,968	896,147*	3,152,115
2021 projection	2,253,402	1,023,210*	3,276,612
2022 budget	2,528,745	917,280	3,446,025

*Includes amounts paid to Municipal Employees’ Retirement System (MERS) for unfunded accrued pension liabilities with funds transferred in from the Internal Service Fund in the amount of \$200,000 in 2021. These extra payments, made six years in a row, have resulted in decreased unfunded pension liability. Specifically, in 2015 our pension was 62 percent funded, in 2016 it increased to 80 percent, and in 2017 it rose to 82 percent funded, in 2018 it again rose to 85% funded, in 2019 it was 84% due to changes in actuarial calculations, and in 2020 it again rose to 86% funded. Our extra \$200,000 payment in 2021 will be recognized in the MERS actuarial report that we will receive in summer 2022.

Other Notes

Lending Collections and Electronic Resources: While we continued to deal with the pandemic of COVID-19, we are happy to have the buildings open to the public. As more patrons started using our digital collections during full closure, TADL continues to strengthen its electronic resources as

statistics show usage has increased and our patrons are loving what we offer. However the physical collection lending is making a strong return and offering new books via the McNaughton leasing service. We are committed to budgeting at least 10% of our annual budget for lending materials. This 2022 budget proposal reflects materials spending at 10.8 % of the expenditures.

Children's Library Services: TADL will continue to emphasize development of children's library services with increased attention on program development, promotions, and outreach for this important age group especially with the addition of a Bookmobile. In 2021 through the hard work of Youth Services Coordinator Andy Schuck, we have collaborated with partner organizations to finish providing STEM kits to 21 area libraries funded by a LSTA grant. While not currently in use, we have begun to make necessary improvements to our Story Room by using the remaining funds from the Preschool Interactive Learning Area Project in anticipation of returning to in-person story times.

Maintenance and Repair: The Main Library continues to show its age as a 24-year-old building. As supply chain disruptions continue, we are looking to complete the roofing project if supplies are available. We are anticipating going out for bid in early 2022 to gauge costs. Additionally, in 2022, we plan improvements to Staff work areas and renovations of our public restrooms to improve accessibility and update to the flooring and fixtures.

Supplies: As suggested by the Auditors, assets now have a threshold amount of \$5,000. It was previously \$500. For that reason, there is a 32.1% increase to the Operating Supplies budget that coincides with a decrease in our capital expenditure budget.

Outreach/Advertising/Printing: There is a modest 3.5% increase to accommodate additional mailers and library cards for school students.

Member Library Allocations: Per the negotiations, all the Member Libraries saw significant increases in the base payment amount. The contract covers 10 years, with base increases (or decreases) on a formula which compares receipts from Property Taxes, Penal Fines, and State Aid from year to year.

Technology: The Technology Department staff has completed many projects and orders for new equipment during 2021, as supply chain issues are expected to become worse for technology in 2022. There is a significant increase in communications as we are responding the increased demand for WiFi hotspots that began circulating in 2022.

Technology Services to Other Libraries:

We continue to provide technology services to Kankaska County Library, Bonisteel Library at the Interlochen Center for the Arts, and Suttons Bay-Bingham District Library. Budgets for these contractual agreements include direct and indirect costs. The Technology Department is helping Fife Lake Public Library with their work in the Forest Area Public Schools libraries. The Technology Department has also contracted with the Benzie Shores Public Library to help with technology during their renovation, as well as smaller projects for other libraries in the area and for members of the Northland Library Cooperative.

Contributions and Grants: The Friends of TADL held one book sale this year and continue their generous support for our newsletter, Ancestry.com, and the Summer Reading Club. The Kingsley

Friends of the Library also provide substantial support to the Kingsley Branch Library for supplies and programming as needed. We continue to seek donations and other sources of funding for the bookmobile, relocation of the Teen Services department upstairs, modernizing the services and technological tools available in the Technology Center (formerly the Public Computing Center) at the Main Library, and are beginning to raise funds for a roadside sign at the Main Library.

TADL will again pursue grants as they allow us to provide new services to our community and beyond, and help us foster partnerships within our region.

Capital Expenditures and Use of Fund Balance: Some future projects include roof replacement, renovating the bathrooms, roadside library sign, new carpet, and painting. Some of these projects will be funded through our operating budget, and we will be requesting funding from appropriate fund balances. We hope to prioritize and address each of these issues over the next couple of years with the caveat that other urgent needs could arise at any time, requiring immediate action.

Thank you for your consideration of the 2022 budget proposal.

Michele P. Howard
Library Director
Traverse Area District Library

2022 Annual & 2021 Amended Budget

Traverse Area District Library

General Fund

Draft Budget - 11/18/21

	Actual 2020	Original 2021 Budget	Amended 2021 Budget	Projected 12/31/2021	Proposed 2022 Budget	% Diff. 2021 v. 2022
Revenue						
Levied Tax	4,937,353	5,126,735	5,126,735	5,132,196	5,292,947	3.2%
PILT/Delinquent PPT, Other	51,484	38,000	38,000	38,320	30,500	-19.7%
State Aid - TADL	77,974	83,750	83,750	84,472	106,389	27.0%
State Aid - Talking Book Library	41,073	41,075	41,075	41,072	41,075	0.0%
Local Grants	45,975	18,400	18,400	112,444	10,630	-42.2%
Fees/Services	40,895	42,150	42,150	41,901	41,650	-1.2%
Sales	16,544	20,000	20,000	22,000	19,080	-4.6%
Overdue Fines	28,156	32,000	32,000	16,500	15,000	-53.1%
Penal Fines	195,983	196,000	196,000	174,765	154,900	-21.0%
Interest & Dividends	23,890	15,000	15,000	5,000	5,650	-62.3%
Rental Fees	450	2,200	2,200	0	2,200	0.0%
Contributions	33,510	24,570	24,570	66,000	30,850	25.6%
Reimbursements	1,456	1,500	1,500	27,789	0	-100.0%
Total Revenue	5,494,743	5,641,380	5,641,380	5,762,459	5,750,871	1.9%
Transfer In	110,000		200,000	200,000		
Use of Fund Balance						
Revenue from All Sources	5,604,743	5,641,380	5,841,380	5,962,459	5,750,871	0

→Levied Tax includes Current Local Tax minus tax captures

→PILT/Delinquent PPT, Other - information not available about additional distribution in May

→Local Grants represent funds from counties and other agencies for TBL and Library Cooperative grant

→Fees/Services include annual fees for contractual technology agreements with other libraries

→Sales includes photocopy receipts, postage, bags, books, & miscellaneous sales

→Overdue Fines are fines, replacement fees and charges for damaged material

→Penal Fines combines Grand Traverse, Benzie and Leelanau counties down about 4%

→Interest & Dividends include investment, checking and savings account interest

→Rental Fees are meeting room and equipment rental fees

→Contributions include donations from Friends, estates, misc. donors

→Reimbursement line is for overpayments and refunds from prior year expenses

→Transfer in from Internal Service Fund for payment of Unfunded Pension Liability

Expenses	Actual 2020	Original 2021 Budget	Amended 2021 Budget	Projected 12/31/2021	Proposed 2022 Budget	% Diff. 2021 v. 2022
Personnel						
Salaries	2,255,968	2,431,419	2,431,419	2,253,402	2,534,599	4.2%
Social Security/Medicare	60,287	68,125	68,125	56,500	71,900	5.5%
Medical Insurance	305,411	373,955	373,955	340,000	378,330	1.2%
Vision Insurance	3,331	4,035	4,035	4,050	4,150	2.9%
Dental Insurance	21,427	28,908	28,908	28,000	30,150	4.3%
Life Insurance	7,929	9,295	9,295	7,800	8,850	-4.8%
MERS DC Retirement	143,563	153,995	153,995	147,000	160,000	3.9%
MERS DB Unfunded Liability	230,000	120,000	320,000	320,000	120,000	-62.5%
401(k) Retirement	102,075	115,820	115,820	105,000	120,400	4.0%
Unemployment	7,146	1,500	1,500	0		-100.0%
Workers' Comp.	7,860	10,000	10,000	7,860	8,000	-20.0%
Disability Insurance	7,118	8,425	8,425	7,000	15,500	84.0%
<i>Total Personnel</i>	<i>3,152,115</i>	<i>3,325,477</i>	<i>3,525,477</i>	<i>3,276,612</i>	<i>3,451,879</i>	<i>-2.1%</i>
Supplies						
Office Supplies	120,380	126,795	126,795	130,000	167,450	32.1%
Library Materials	593,432	626,100	626,100	626,100	606,300	-3.2%
Rep & Mnt. Supplies	2,367	6,750	6,750	6,750	6,750	0.0%
<i>Total Supplies</i>	<i>716,179</i>	<i>759,645</i>	<i>759,645</i>	<i>762,850</i>	<i>780,500</i>	<i>2.7%</i>
Other Services and Charges						
Professional Services	179,920	270,355	270,355	220,000	238,500	-11.8%
Communications	22,403	37,790	37,790	31,500	36,480	-3.5%
Travel & Education	29,770	45,460	45,460	28,000	55,657	22.4%
Outreach/Advertising/Printing	13,939	21,400	21,400	18,000	22,150	3.5%
Insurance & Bonds	30,818	33,746	33,746	33,746	41,250	22.2%
Utilities	90,610	118,200	118,200	100,000	103,200	-12.7%
Repairs & Maintenance	242,500	355,170	355,170	310,000	322,405	-9.2%
Member Libraries	550,188	569,721	569,721	569,721	629,000	10.4%
Awards & Recognition (Misc.)	2,243	2,500	2,500	2,500	2,500	0.0%
Property Tax Reimbursement	1,444	6,500	6,500	6,505	6,500	0.0%
Use Tax/Misc	814	1,000	1,000	1,000	1,300	30.0%
<i>Total Other Services & Charges</i>	<i>1,164,649</i>	<i>1,461,842</i>	<i>1,461,842</i>	<i>1,320,972</i>	<i>1,458,942</i>	<i>-0.2%</i>
Capital Outlay	93,455	85,925	85,925	90,000	53,550	-37.7%
Contingency	0	7,000	7,000	0	6,000	-14.3%
<i>Total Expenditures</i>	<i>5,126,398</i>	<i>5,639,889</i>	<i>5,839,889</i>	<i>5,450,434</i>	<i>5,750,871</i>	<i>-1.5%</i>
Transfer Out	15,401			160,000		
<i>Expenditures from All Sources</i>	<i>5,141,799</i>					
<i>Revenue / Expense</i>	<i>462,944</i>	<i>1,491</i>	<i>1,491</i>	<i>352,025</i>	<i>0</i>	

→Slightly higher wages due to union agreement, merit increases, increases for retention of pages and subs & payouts at retirement

→Increase in some rates for health insurance & staff opt-in

→Increase in life & disability insurance based on higher payroll and the addition of Short Term Disability

→Increase in retirement, 401k and workers comp based on higher payroll

→Increase in outreach/advertising/printing for community outreach due to the addition of the Bookmobile

→Repairs & maintenance decreased slightly for planned maintenance & built in contingency as no planned events

→Contingency to set aside funds for technology needs for contractual agreements

→Transfers Out include Bookmobile grants/donations, Accounting program funds, various other donations received late in the year.



RESOLUTION

2022 Budget Resolution
November 18, 2021

Resolved, that the estimated revenues for 2022 result in the following total amount available for appropriation:

Tax Levy	5,292,947
Other Taxes	30,500
State Aid	147,464
Grants	10,630
Fees/Services/Sales/Rentals	62,930
Overdue Fines	15,000
Penal Fines	154,900
Interest & Dividends	5,650
Contributions	30,850
Reimbursements	<u>0</u>
Total available to appropriate	<u><u>5,750,871</u></u>

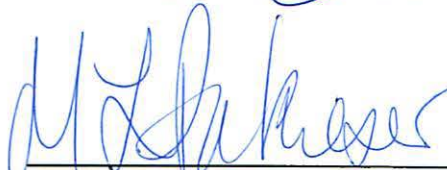
Further, that from the total available, the following appropriations are made:

Personnel Services	3,451,879
Supplies	780,500
Other services and charges	1,458,942
Capital outlays	<u>59,550</u>
	<u><u>5,750,871</u></u>

Motion to adopt the resolution was introduced by: Jones

And supported by: Odgers

Motion adopted: Yes / No 11-18-2021
(date)


Marylee Pakieser, Board Secretary